

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268

RETAIL GROUND AND PARCEL SELECT GROUND
SERVICE STANDARD CHANGES, 2022

Docket No. N2022-1

NOTICE OF PRE-FILING CONFERENCE
(March 4, 2022)

Pursuant to 39 C.F.R. § 3020.111(d), the United States Postal Service (“Postal Service”) notifies the Postal Regulatory Commission (“Commission”) of its intent to hold a pre-filing conference on March 15, 2022, from 1:00 to 3:00 pm EDT, regarding its proposed changes for Retail Ground (RG)¹ and Parcel Select Ground (“PSG”) service standards.² Due to ongoing COVID-19 precautions, the conference will be held virtually, rather than at a physical location.

Representatives of the Postal Service capable of discussing the proposal will be made available at that time.

Proposed Service Standard Changes

On March 23, 2021, the Postal Service published a ten-year strategic plan, entitled Delivering for America: Our Vision and Ten-Year Plan to Achieve Financial Sustainability and Service Excellence (Plan). The Plan sets forth a

¹ Retail Ground service is an economical ground shipping solution offered to the public for packages, thick envelopes, and tubes weighing less than 70 pounds and smaller than 130 inches combined length and width, that are not required to be sent as First-Class Mail.

² Parcel Select Ground is similar to RG but targeted at large- and medium-sized commercial shippers.

comprehensive and balanced set of initiatives to address the Postal Service's long-standing financial, service, and operational challenges. Ultimately, the Plan is designed to achieve two fundamental goals: service excellence, defined as meeting or exceeding 95 percent on time delivery across all product categories, and financial sustainability, by enabling the Postal Service to achieve break-even performance over the next ten years while making the necessary investments in people and infrastructure. By achieving these goals, the Plan will ensure that the American people receive prompt, reliable, and efficient universal postal services, through a postal system that is self-sustaining and capable of meeting their evolving needs.

In furtherance of the Plan's fundamental goals of service excellence and financial sustainability, the Postal Service proposes adjusting the service standards for its RG and PSG competitive products within the contiguous United States³ to align with the planned service standards for First-Class Package Service (FCPS)⁴ by upgrading the standards from the current two- to eight-day

³ The proposed RG and PSG service standards are predicated on the planned change to the FCPS service standards and the concomitant improvement and optimization of the Postal Service's package processing and surface network and depends on consolidation with FCPS domestic surface volumes. If the planned FCPS standards were applied to domestic RG and PSG packages originating and destinating outside the contiguous United States, that volume would have to be carried by air to meet the proposed service standard, which cannot be done cost effectively. RG and PSG packages sent to or from domestic locations outside the contiguous United States will, therefore, continue at this time to be shipped by the current modes of transportation in accordance with the current service standards. That said, the Postal Service is exploring whether this proposal could enable the Postal Service to adjust the service standards for any piece originating or destinating outside the contiguous United States that traverses the contiguous United States during some portion of the piece's journey, to potentially take advantage of the faster service to RG and PSG within the contiguous United States that would be provided based upon this proposal.

⁴ The change to FCPS service standards from 2- to 3-days to 2- to 5-days was the subject of the Commission's Advisory Opinion in Docket N2021-2 (issued Sept. 29, 2021). That change has not yet been implemented but would be implemented before or at the same time as the RG-PSG service standard changes proposed here.

standard to a two- to five-day standard.⁵ To achieve that improved delivery time, RG and PSG would generally be processed and transported together with FCPS.

The fundamental rationale for the proposed change is to enhance service to customers sending larger packages. The Postal Service projects that nearly all RG and PSG volume would receive the same or improved delivery times, while only a small fraction would see a downgrade.

In addition to improved delivery times, the Postal Service submits that customers would benefit from a low-cost, medium-speed, shipping service for packages in excess of one pound. The market has seen significant recent growth and is expected to continue to grow as new shippers enter the market and business-to-customer shipments continue to increase.

Shifting RG and PSG volume to follow FCPS volume would also enable the further optimization of the Postal Service's package processing and surface transportation networks.

Registration

Information and instructions regarding how to participate in the virtual Pre-filing Conference may be found at '<https://about.usps.com/what/strategic-plans/delivering-for-america/#conference>'.

⁵ Packages containing Hazardous Materials would not be included in the proposed service standard because Hazardous Materials are legally prohibited from being transported by air and some RG and PSG packages may be routed by air transport where it is more cost effective to do so. Hazardous Materials will, therefore, continue to be transported by ground in accordance with the current 2- to 8-day service standard.

The deadline for registration is March 10, 2022, at 3:00 pm EDT.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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